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Top Secret

(Security Classification)

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NATIONAL INTELLIGENCE DAILY CABLE

Tuesday June 15, 1976 CI NIDC 76-140C

NATIONAL SECURITY INFORMATION

Unauthorized Disclosure Subject to Criminal Sanctions

DIA review(s) completed.

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State Dept. review completed
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National Intelligence Daily Cable for Tuesday, June 15, 1976.

[REDACTED]
[REDACTED] The NID Cable is for the purpose of informing senior US officials.

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LEBANON

[REDACTED] Palestinian and Lebanese leftist leaders yesterday appealed to Egypt, Iraq, and Tunisia to send military forces to Lebanon "as soon as possible" to counter Syria's continuing military operations. Such forces apparently would supplement the security force approved last week by the Arab League foreign ministers.

[REDACTED] Palestine Liberation Organization chairman Yasir Arafat met yesterday with Egyptian President Sadat in Cairo, almost certainly to make a personal plea for help. Arafat reportedly is very discouraged following recent Palestinian reverses in the Lebanese fighting, and he presumably fears that Damascus will launch a major new offensive now that Syrian forces have been strengthened and resupplied.

[REDACTED] The call for Egyptian intervention against Syria will place Cairo in a dilemma. The Egyptians had already announced that they had considered but decided against a joint intervention with Iraq, and it is unlikely that they would commit troops under any circumstances in which they might be drawn into combat with Syria.

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[] At the same time, Cairo will find it embarrassing to reject Arafat's request outright, a move that would risk the loss of Egypt's newly regained friendship with Arafat and the PLO.

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[] The feud with Syria seems increasingly to have affected Cairo's perspective on the Lebanon situation, and, faced with the possibility of losing Arafat's support, the Egyptians might decide that an Egyptian-Iraqi landing at a largely uncontested port such as Tyre in southern Lebanon is in order.

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[] Tyre is the only major Lebanese city not under siege by Syria. An Egyptian force there could show solidarity with the Palestinians without directly risking armed conflict with Syria. Iraq would not be averse to joining such a venture.

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[] The Palestinians and leftists yesterday appealed also for political and material support from the USSR, China, and a variety of third world states and international organizations. They appear to have lost all hope that the Arab League will be able to take effective action to end Syria's military occupation of Lebanon.

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[] Arab League Secretary General Riyad, who has been conferring with Arab mediators and Syrian leaders in Damascus, yesterday acknowledged that it may be another 10 days before the joint Arab force--which he expects to include 6,000-10,000 troops--will be formed and committed. According to press reports, Riyad will visit Beirut today.

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[] Libyan Prime Minister Jallud reportedly was in Beirut yesterday with "new Syrian proposals" to present to the various

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Lebanese and Palestinian factions. This is not likely to encourage the Palestinians; they have condemned the Libyan mediator for allegedly allowing himself to be misled by Syria.

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[] Syrian commentary this week has reinforced the Palestinians' fears that Damascus will not ease its military pressure on Lebanon. Damascus radio said yesterday that Syria's position "has been and continues to be firm and intent on establishing security and stability." Government spokesmen reportedly have denied to newsmen that Syria has approved any plan that involves Syrian withdrawals from Lebanon.

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[] Lebanese politicians are doing almost nothing to ease the situation. Extremist Christians applaud what they consider Damascus' determination to crush the Palestinians, and their more conciliatory colleagues despair of doing anything while the Palestinian-Syrian conflict continues.

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[] The Christians have acknowledged privately that their strong denunciation of the Arab League initiative is designed primarily to buttress Syria's position. If Syria should conclude that the Palestinians are sufficiently intimidated and that it is safe to engage in serious negotiations, the Christians would probably be quick to show more flexibility and president-elect Sarkis would resume his political talks.

The Military Situation

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[] For the moment Syrian forces continue to press their Palestinian and leftist adversaries by maintaining the siege of Beirut, Sidon, and Tripoli. Syrian and Saiqa units at Khaldah control the southern approaches to the capital, including Beirut airport. The road between Beirut and Sidon is again closed.

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IRAQ-SYRIA

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[REDACTED] //Baghdad's strident anti-Syrian propaganda continued unabated yesterday. There are signs, however, that Iraqi leaders believe the massing of their forces near the border already has achieved their purpose. //Baghdad's statement Friday that it is willing to view its military moves to the Syrian border as "training" suggests Iraqi leaders may be taking steps to prevent the situation from deteriorating into a military conflict.//

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[REDACTED] //Iraqi logistics lines through Syria's eastern desert would be vulnerable. Baghdad may be aware of Jordan's commitment to assist Syria in the event of an Iraqi attack.//

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[REDACTED] //Baghdad may, nevertheless, see advantages in keeping its forces along the border for some time, hoping to relieve Syrian military pressure on the leftists and Palestinians in Lebanon and to encourage Asad's opponents to move against him.//

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[REDACTED] //Syria continues to move troops off the Golan Heights, apparently to strengthen its force in eastern Syria near the Iraqi border. On Sunday the US defense attache in Damascus saw an estimated brigade-size unit of tanks, artillery, and armored personnel carriers heading north through Damascus.//

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[REDACTED] //The equivalent of slightly more than one Syrian division has been sent to the Iraqi border area within the past four days. We believe that the force consists of individual units from several divisions. Damascus apparently has chosen this course to minimize the adverse impact on the effectiveness of its ground forces opposite Israel on the Heights.//

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[REDACTED] //Damascus also has deployed an SA-6 surface-to-air missile brigade to Dayr az Zawr near the border, as well as some fighter and reconnaissance aircraft to bases in eastern Syria.//

CHINA

25X1 [] The health of Chairman Mao Tse-tung has apparently deteriorated to the point where he may no longer see foreign visitors.

25X1 [] The president of Madagascar, who arrived in China on Friday, has yet to meet Mao and is expected to leave shortly--presumably without seeing him. For the past half decade Mao has almost always met with visiting heads of state or government.

25X1 [] //Mao's health has seemed to decline rapidly in the past few months. Since March, his meetings with foreigners have been limited to fifteen or twenty minutes.

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25X1 [] Mao's condition is probably such that he could die before the end of the year,

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25X1 [] For some time Peking has been preparing the Chinese people for Mao's eventual death. It is likely to have a far greater impact on the leadership than on the general population. Political maneuvering and infighting within the sharply divided leadership is almost certain to intensify in the coming months, especially if--as could well be the case--Mao himself is not able to function in a decision-making role.

25X1 [] Both sides in the current political campaign, which has been marking time in recent weeks, will probably try to claim Mao's support for their respective positions. In this case, physical access to the Chairman becomes increasingly important.

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[REDACTED] Since the beginning of the campaign to criticize former vice premier Teng Hsiao-ping, both Mao's grandniece, who appears to be a member of the leftist camp, and his interpreter, who is aligned with the moderates, have been excluded from his meetings with foreigners. They had appeared regularly at such meetings since early 1972.

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[REDACTED] Interpreting duties have been taken up by a former associate of the late Chou En-lai, but unlike his predecessor, he is not a member of the central committee, and he may lack the almost unlimited access to the Chairman that the others appeared to possess.

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[REDACTED] The issue of access to Mao is already obviously a sensitive one. In contrast to previous practice the new interpreter was not mentioned in China news agency accounts of the meetings at which he was present.

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[REDACTED]

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ETHIOPIA

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[REDACTED] The ruling military council in Ethiopia may have decided not to send armed peasants against separatist insurgents in Eritrea Province.

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[REDACTED] The planned operation was encountering many practical difficulties; moreover there are signs that the council has had some success in its latest efforts to arrange a dialogue with the Eritrean guerrillas.

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[REDACTED] A delegation representing the military wing of the Popular Liberation Forces--one of the two major factions of the rebel movement--met last week in Eritrea with a committee of traditional provincial leaders. The committee was formed last month at the military council's request to act as an intermediary between Addis Ababa and the guerrillas.

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[REDACTED] The rebel representatives reportedly professed that they were "encouraged" by recent government proposals to grant Eritrea a measure of autonomy. They urged the government to suspend all offensive military operations in Eritrea immediately as a goodwill gesture. They said, however, that the council would have to agree to grant Eritrea complete independence before negotiations could begin.

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[] The rebels may be willing to modify this demand as a precondition for negotiations--it would surely be unacceptable to the council. They will probably not begin direct talks with the government until the council makes more concessions and defines more precisely the degree of autonomy it is willing to grant Eritrea.

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[] The Popular Liberation Forces' representatives also insisted that discussions must include the rival Eritrean Liberation Front faction. The participants agreed to meet again after the rebel representatives had consulted the Front and the elders had consulted government authorities.

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[] The rebel leaders' insistence on including the rival front in any negotiations is the first evidence that the two groups are attempting to cooperate in dealing with the government. Other divisions within the rebel movement may still hinder peace negotiations.

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[] The Popular Liberation Forces' military leaders broke this year with the group's political leaders, who are located mainly in Arab capitals. Although the political and military wings of the Eritrean Liberation Front maintain generally good relations with each other, poor communications and tenuous lines of authority prevent close coordination of activities.

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EC-IBERIA

25X1 [] //Protocols providing Lisbon with long-term EC financial assistance and trade concessions should be signed shortly--possibly before the June 27 presidential election. The agreements, negotiated last week, serve to reinforce the turn toward Western Europe in Lisbon's foreign policy.//

25X1 [] //The protocols expand and extend the EC's 1972 preferential trade agreement with Portugal. The new trade concessions, however, appear small in relation to Portugal's staggering economic problems.//

25X1 [] //Portuguese Socialist leaders realize that once the protocols are signed the EC is unlikely to make additional concessions, and they believe a prolonged transition period toward full EC membership is the best way to improve ties with the Community. They have indicated they may apply for full membership when they form a new government next month.//

25X1 [] //Under the protocols, the EC will provide Lisbon with about \$220 million in loans, which will be available in January 1978 when an earlier protocol for about \$175 million in aid expires. Interest payments will be partially subsidized by the member states.//

25X1 [] //EC tariffs on imports of industrial goods from Portugal will be eliminated by July 1--one year earlier than

provided for in the 1972 agreement. EC members will implement this provision immediately without waiting for the agreement to be ratified formally.//

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[REDACTED] //The EC has agreed to eliminate tariffs for certain paper products, to reduce tariffs on many agricultural and fishery products, and to increase the quotas on Portuguese wines entering the Community. Portugal will also be allowed to increase its exports of certain textile products on the condition that exports to the UK do not exceed 1976 levels.//

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[REDACTED] //Benefits for Portuguese workers residing in the EC will be increased substantially, and Portuguese migrants will now receive treatment equal to that offered to any third country.//

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[REDACTED] //Lisbon will be allowed to take certain measures to protect "vulnerable" industries and to delay the reduction of Portuguese tariffs on a wide range of EC industrial goods. The agreement also provides for increased cooperation regarding industrial, technical, and financial matters.//

Spain and the EC

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[REDACTED] //Negotiations to update Spain's 1970 trade agreement with the EC are proving more difficult. Madrid wants lower EC agricultural tariffs for Spanish exports in return for easier access to Spain for EC industrial exports. Thus far the EC has rejected the Spanish proposals.//

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[REDACTED] //Exploratory talks are expected to continue through July; formal negotiations are set for September. Spain is not under any immediate pressure to reach agreement with the Nine because it has favorable tariff arrangements with Denmark, the UK, and Ireland that remain in effect until July 1977. Spanish officials, however, would like to conclude the talks shortly in order to clear the way for an application for full EC membership which they hope to make by the latter part of 1977. [REDACTED]

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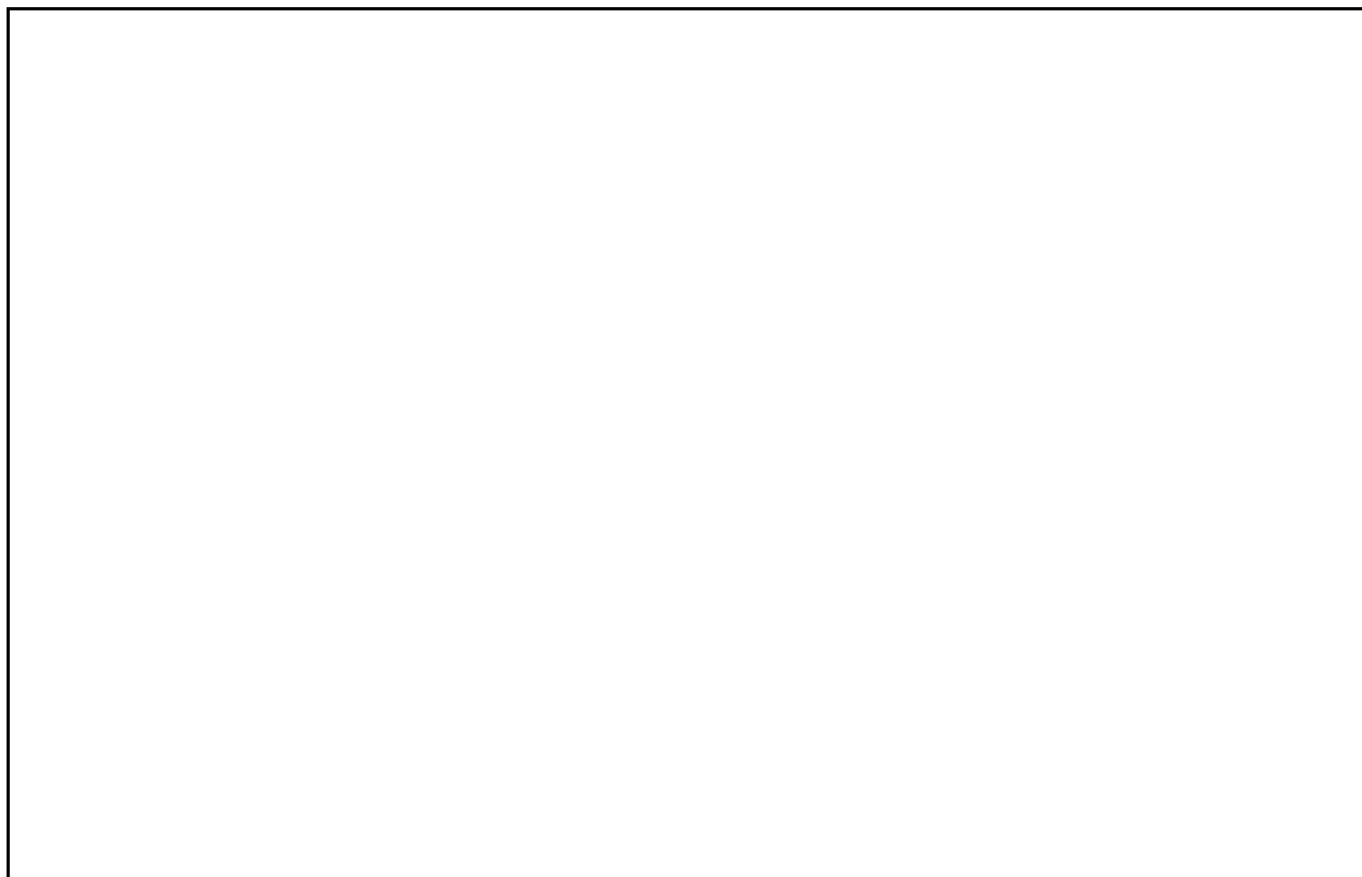
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OAS

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[REDACTED] The "informal conversational" phase of the Organization of American States general assembly meeting in Santiago ended Friday on a positive note of friendship and cooperation. The next week and a half of the assembly will be managed by the permanent council ambassadors who will attempt to mold last week's proposals into workable resolutions and proclamations.

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[REDACTED] The Latin Americans' reaction to Secretary Kissinger's participation on balance has been highly favorable. According to the US embassy in Santiago, the Secretary's statement on human rights took the proper middle ground, pleasing most of the delegates while not offending the others. The joint Panama-US resolution on the Panama Canal issue also was a success and defused this potentially explosive question.

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[] Some problems may arise this week because of opposition to the US foreign trade law. Many Latin Americans feel the law violates the OAS charter because it excludes Organization of Petroleum Exporting Countries members Ecuador and Venezuela from tariff preferences.

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[] OAS reform could also be a troublesome item. Most Latin Americans want some assurances that Washington is concentrating on development cooperation before worrying about institutional and structural changes in the OAS. The proposals for reform introduced by the US probably will be tabled for the time being and sent to a study group. []

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